

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1997-239-C - ORDER NO. 2006-661
NOVEMBER 3, 2006

IN RE: Proceeding to Establish Guidelines for an) ORDER ESTABLISHING
 Intrastate Universal Service Fund) NET INCOME AS
) QUALIFYING CRITERIA

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on the request for clarification from the Office of Regulatory Staff (“ORS”) that net income as opposed to gross income may be used as the qualifying criteria for establishing Lifeline eligibility at 125% of the poverty level in BellSouth territory.

Pursuant to the settlement agreement filed May 19, 2004, in the Court of Common Pleas between the Consumer Advocate and BellSouth (“Agreement”), BellSouth may provide Lifeline credits to qualifying BellSouth subscribers who are at or below 125% of Federal Poverty Guidelines. ORS sought and received authorization from the Commission to utilize USF monies to increase awareness of the Lifeline and Link-up programs available within South Carolina to qualified households with incomes at or below 125% of Federal Poverty Guidelines. However, the Agreement does not specify whether end users qualify for the Lifeline credit based on gross income or net income.

47 C.F.R. Section 54.409(a) provides that “[t]o qualify to receive Lifeline service in a state that mandates state Lifeline support, a consumer must meet the eligibility

criteria established by the state commission for support. The state commission shall establish narrowly targeted qualification criteria that are based solely on income or factors directly related to income...” Because South Carolina is a state that has mandated state Lifeline support, the Commission has the authority under federal regulations to establish the eligibility criteria.

In an effort to provide outreach services, the ORS is coordinating with other agencies to promote Lifeline and Link-up to all eligible citizens of South Carolina. One of the agencies ORS is partnering with is the South Carolina Governor’s Office-Office of Economic Opportunity (“OEO”). In working with the Governor’s Office OEO, the ORS has become aware that OEO uses net income as the qualifying criterion in determining eligibility for programs such as Community Services Block Grant (“CSBG”) and the Low-Income Home Energy Assistance Program (“LIHEAP”). For purposes of determining eligibility for these programs, “net income” is defined as the income remaining after federal, state, and FICA taxes and retirement deductions.

Because the Settlement Agreement between BellSouth and the Consumer Advocate does not specify whether end users qualify for the Lifeline credit based on gross income or net income, ORS seeks clarification from the Commission that net income as opposed to gross income may be used as the qualifying criteria for eligibility for Lifeline credits. Because the Governor’s Office OEO utilizes net income to qualify citizens for certain benefits, ORS states that the use of the same qualifying criteria will aid in administering Lifeline credits and will comport with the purpose of the Lifeline support and USF support. Further, ORS notes that a pronouncement from the

Commission that net income is the acceptable qualifying criteria will comply with federal regulations. BellSouth has indicated that it does not oppose this request.

We have considered this matter, and grant clarification as requested by ORS. We hold that net income is the acceptable qualifying criteria for the Lifeline credit. Certainly, net income has been the acceptable qualifying criteria used by the Governor's Office OEO to determine eligibility for other programs. Accordingly, we hold that it is acceptable as the qualifying criteria for the establishment of eligibility for the Lifeline program at 125% of the Federal Poverty Guidelines in BellSouth territory.

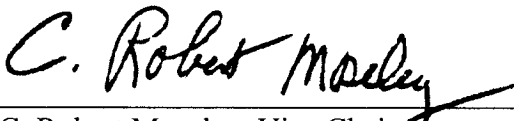
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)